

2004



Legislative Report

Overview of 2004-2006 budget

2004-2006 budget analysis, information links available

Detailed information on the 2004-06 budget adopted by the General Assembly was sent to VML members on May 14 through the U.S. Postal Service and via e-mail. The General Assembly will meet June 16 to consider any gubernatorial amendments to legislation adopted during the special session.

A detailed chart prepared by VML spells out how the new budget will affect local governments. It is available on the league Web site at <http://www.vml.org/VML-Restricted/bgtchart.pdf>.

Some state agencies will post information on their Web sites regarding state aid to localities. Here are these links:

State Compensation Board: <http://www.scb.virginia.gov/fy03budestm.cfm>

Education: (projected 2004-2006 state entitlement and local match requirements for direct aid): [http://141.104.22.210/VDOE/Finance/Budget/CalcTool-2004-2006FinalGABudget\(May2004\)withunfundedcorrections.xls](http://141.104.22.210/VDOE/Finance/Budget/CalcTool-2004-2006FinalGABudget(May2004)withunfundedcorrections.xls).

Superintendent of Public Instruction: <http://141.104.22.210/VDOE/suptsmemos/2004/reg003.html>.

The Department of Taxation has sent wine tax, ABC profits, state sales and use tax, local option 1-percent sales and use tax, and state recordation & grantors taxes. These were sent via e-mail to local governments, and are available as well through VML.

HB 599 funds should be posted on the Department of Criminal Justice's web site: <http://www.dcjs.org/grantsAdministration/599/?menuLevel=3&mID=8>.

The HB 599 numbers currently are in the budget conference report prepared by the Senate Finance Committee staff at: http://leg3.state.va.us/quickplace/sfc2004/main.nsf/h_Discussion/4D710E3C375ED2885256E8D00535F34/?OpenDocument.

Here is a quick overview of some of the major items of interest to local governments:

Direct Aid to Education

Puts an additional \$1.5 billion in direct aid for education, including:

- Restores 100 percent of the funding for the deduction of locally generated revenues contained in the introduced budget, and restores 71 percent of the deduction of federal revenues included in the proposed budget.
- By FY06, funds an additional eight instructional positions per 1,000 students, which is a sizable commitment to funding the increases to the SOQ proposed by the State Board of Education.
- Addresses some Tier 1 and Tier 2 recommendations made by JLARC, including increasing funding for at-risk

four-year-olds (phased in during the biennium), completing the restoration of funding for administrative positions, fixing the one-month rollover of fringe benefit costs (in FY 2006) and fully funding the cost of competing for Planning District 8.

- Earmarks one-half of the 0.50 percent sales and use tax increase for public education. One-half of that (or 0.125 percent) will be distributed on the basis of school age population, and the other one-half (or 0.125 percent) will be distributed through the SOQ funding formula.
- Eliminates the student achievement grant program and the SOL remediation program.
- Sets teacher retirement rates at 6.03 percent for FY05 and 6.62 percent for FY06. The retiree health care credit is 0.55 percent for both years, so the total rate is 6.58 percent in FY05 and 7.17 percent in FY06. The state contribution to retirement is not capped as the House budget adopted during the regular session. The premium holiday for group life insurance is retained.

Employee salaries and benefits

- Funds a 3 percent salary increase for state employees and state-supported local employees, effective Nov. 25, 2004. No funding is included for salary increases for teachers.
- Funds higher salary increases for deputy sheriffs, state police, capitol police and judges. The budget includes \$21.5 million for a 4.82 percent for deputy sheriffs, effective Dec. 1, 2004.
- Retains the premium holiday for the group life insurance program. The VRS Board of Trustees has extended the premium holiday to cities, towns, counties and other political subdivisions.

State aid programs

HB 599. Increases funding in FY05 over FY04 by approximately \$8.8 million, or 5.2 percent, and in FY06 by \$9 million, or 5.7 percent over FY05. This is less than what was included in the governor's introduced budget; those amounts were contingent upon tax reform. The proposed allocations for localities posted by the Department of Planning and Budget in January were based on the introduced budget; actual allocations will be less. Use the link listed above to find HB 599 numbers. In addition, language is added to the budget stating that it is the General Assembly's intent that these funds be used for public safety purposes, and that funds provided through this allocation shall not be used to supplant the funding provided by localities for public safety services as of June 30, 2004.

ABC profits. Leaves the distribution to local governments in FY05 and FY06 at the FY04 level (\$4.15 million). Allocations will be the same as the current fiscal year, which is less than in the introduced budget. Again, the proposed allocations for localities posted by DPB in January were based on the introduced budget.

Wine taxes. Continues the distribution to local governments in FY05 and FY06 at the FY04 level (\$4.35 million). Your actual allocation will be the same as in the current fiscal year, and is less than in the introduced budget. The proposed allocations for localities posted by DPB in January were based on the introduced budget.

Jail per diems

The budget adds \$13.2 million each year to the amount in the introduced budget to restore previous reductions in reimbursement levels to localities for the cost of maintaining prisoners in local and regional jails. At the same time, it decreases funding for projected increases by a total of \$15.1 million for the biennium by requiring that projected growth be based on actual inmate population counts up through the first quarter of the affected fiscal year.

Transportation

The budget as adopted eliminates the proposed transfer of state general fund appropriations for transportation projects and therefore increases general fund support by \$130.4 million in FY05 and by \$141.6 million in FY06.

Car tax relief

The budget reduces the proposed appropriation for the car tax relief program by \$277 million in general fund dollars in FY06; payments for calendar year 2006 will total \$950 million, with reimbursements being made beginning July 1, 2006.

If you have questions about the budget, contact Mary Jo Fields at mfields@vml.org for answers to questions related to education funding; contact Mike Edwards at medwards@vml.org for answers to questions about taxes; and contact Janet Areson at jareson@vml.org about all other areas. VML's telephone number is (804) 649-8471.

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	AID TO LOCAL GOVERNMENTS		
279#1c	Distributes profits from sale of alcoholic beverages to local governments at the fiscal year 2004 level. This represents a reduction of \$7.3 million for the biennium from the introduced budget.	(\$3.05 million)	(\$4,25 million)
279#2c	Distributes wine taxes to local governments at the fiscal year 2004 level. This represents a \$900,000 reduction for the biennium from the introduced budget.	(\$450,000)	(\$450,000)
432#1c	Adjusts funding for HB 599 to a level below that in the introduced budget. Requires that localities not use HB 599 funding to supplant funding for public safety services as of 6/30/04.	(\$2.9 million)	(\$5.5 million)
	ALCOHOL BEVERAGE CONTROL-INTERFUND TRANSFERS		
3-1.01#9c	Increases by \$1.62 million each year the amount transferred from ABC sales to the state general fund due to Sunday sales in Northern VA and Hampton Roads.	Language	
3-1.01#12c	Increases by \$10.5 million each year the amount transferred from ABC sales into the state general fund as a result of an additional three percent increase in prices.	Language	
3-1.01#13c	Increases by \$2.4 million each year the amount transferred from ABC sales into the state general fund as a result of an increase in ABC license and permit fees.	Language	
3-1.01#15c	Caps at \$4.15 million each year the amount to be distributed to localities from net profits produced from the sale of ABC products. Usually the distributions are adjusted during the year in accordance with the actual profits reaped from ABC sales.	Language	
	AGING, DEPARTMENT OF THE		
301#1c	Eliminates contingency language from the introduced budget to add \$110,000 in FY05 and \$250,000 in FY06 for five new public guardian and conservator programs in unserved areas. Currently nine programs operate in Virginia to serve elderly and disabled adults with no family or friends who can serve as guardians.	Language	
301#3c	Restores funding to the Pharmacy Connect Program in Southwest VA that was reduced in 2002-04. The program serves elderly in seven counties and one city.	\$35,000	\$35,000
301#4c	Restores funding to meet documented needs such as transportation, in-home care, adult day care, meals and respite care offered by area agencies on aging.	\$750,000	\$850,000
	AGRICULTURE & FORESTRY, SECRETARY OF		
95.10#1c	Implements Chapters 940 and 960 (SB 543/HB 1212) of the 2004 Regular Session to create the Secretary of Agriculture and Forestry by providing one position and \$150,000 from the general fund and by transferring two positions from other agencies to staff the new secretariat.	\$0 GF	\$150,000 GF
	BUSINESS ASSISTANCE, DEPARTMENT OF		
107#1c	Provides funding for the Virginia Capital Access Program in fiscal year 2005. The program leverages private financing to businesses at an average rate of 30 to 1.	\$300,00	\$0
107#3c	Continues the powers and responsibilities of the Department of Minority Business Enterprise in the Department of Business Assistance; and expresses legislative intent that proposed measures in the 2005 Session ensure that the core operations of the Department of Minority Business Enterprise continue.	\$1.2 million	\$1.2 million

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Item	Description	2004-2005*	2005-2006*
	CAR TAX--CENTRAL APPROPRIATIONS		
503#1c	Reduces the proposed appropriation for the Car Tax Relief program by \$277.0 million in general funds in the second year pursuant to Senate Bill 5005 of the 2004 Special Session. Pursuant to the provisions of that legislation, payments for calendar year 2006 will total \$950.0 million, with reimbursements being made beginning July 1, 2006.		(\$277.0 million)
	COMPENSATION BOARD		
64#2c	Eliminates technical adjustment funds to annualize the costs of the 2003 salary increases and authorizes the use of year-end balances for this and for VRS rate changes. Requires DPB approval prior to spending or allocating any portion of the projected amount. The Comp Board says this is a problem, in part because fringe benefits are reimbursed on a monthly basis, not at the end of the year, contingent on availability of balances.	(\$1.1 million)	(\$1.1 million)
64#3c	Creates three activity levels within sheriffs' program from the current two: administration, local law enforcement, and regional jails. This puts salaries and benefits in their own line item, separate from local law enforcement costs.	Language	
65#1c	Creates a separate line item for Commonwealth's Attorneys salaries and benefits. Currently it is included in with financial assistance to this group.	Language	
66#1c	Requires all circuit court clerks to prepare written corrective action plans to address any internal control matters identified by the Auditor of Public Accounts. Internal control matters that remain uncorrected by the immediately subsequent audit report will cost the clerk a salary increase.	Language	
66#2c	Creates three activity levels within circuit court clerks' program from the current one: administration, circuit court services, and local land records.	Language	
67#1c	Restores previous reductions in state reimbursements to localities for the cost of maintaining prisoners in local and regional jails.	\$13.2 million	\$13.2 million
67#2c	Requires that projected growth in jail per diem payments for prisoners in local and regional jails be based on actual inmate population counts up through the first quarter of the affected fiscal year. Currently the per diems are set based on an inmate forecasting process.	(\$6.0 million)	(\$9.1 million)
68#1c	Makes technical changes to permit the Comp Board to deduct the costs of insurance premiums from the reimbursement given to directors of finance. These costs are deducted from the first reimbursements made each year for these offices. Currently, these directors are included within the item appropriating general fund assistance to treasurers. This budget establishes finance directors as a separate program. The deduction does not change.	Language	
69#2c	Creates new subprograms for treasurers: 1) salary and benefits for principal officers; 2) state assistance for functions performed by treasurers' offices on behalf of their local governments; and 3) state assistance for processing state income tax returns. This amendment also removes the existing \$5.5 million each year for directors of finance and transfers those sums to a separate program.	(\$5.5 million)	(\$5.5 million)
69.10#1c	Creates a new program for directors of finance; transfers current funding for these offices as well.	\$5.5 million	\$5.5 million
70#1c	Authorizes development and implementation of a career development program for Commissioners of the Revenue and Deputy Commissioners.		
70#2c	Creates three subprograms for Commissioners of the Revenue from the	Language	

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Item	Description	2004-2005*	2005-2006*
	existing two: 1) salary and benefits for the principal officers; 2) state assistance for functions performed by commissioners on behalf of their local governments; and 3) state assistance paid to the commissioners for processing state income tax returns.		
	COMPREHENSIVE SERVICES ACT		
299#1c	Requires the State Executive Council to examine the reasons that parents relinquish custody solely to obtain necessary and appropriate mental health services. The SEC must report its findings and recommendations, including legislative action if appropriate, for abolishing this practice while continuing to make services available and accessible to children. Report is due 11/1/04.	Language	
299#2c	Requires Community Policy and Management Teams to enter into agreements and makes the Office of Comprehensive Services a part to any such agreement. If a parent or legal guardian fails or refuses to pay the agreed upon sum in a timely manner and the matter is not one for the Division of Child Support Enforcement, the CPMT may request OCS to make a claim against the parent or guardian through the debt set-off program in the Office of the Attorney General. Currently CPMTs are required to have a policy to assess the ability of a parent or legal guardian to help pay for services, and to use a sliding fee scale for this purpose.	Language	
299#3c	Requires the Office of Comprehensive Services to 1) help providers who offer Medicaid-reimbursable services to become Medicaid-certified; 2) work with CPMTs to appropriate access a full-range of Medicaid-funded services for Medicaid-eligible children; and 3) report by 11/1/04 on progress in increasing the use of Medicaid for CSA services and recommend additional strategies to do so. A companion amendment in the Dept. of Medical Assistance Services requires it to amend the Medicaid State Plan to cover additional services for CSA children who are Medicaid eligible.	(\$1.25 million)	(\$2.25 million)
299#4c	Directs Community Policy and Management Teams to use the least restrictive settings to serve children and to submit to OCS information of use of residential facilities and length of stay. OCS must report by Nov. 1 of each year on residential usage rates and average lengths of stay statewide and by locality.		
299#5c	Restores \$957,821 each year in earmarked funding from the federal TANF block grant for the CSA Trust Fund.	Language	
	CORRECTIONS		
415#1c	Adds funding and 25 additional probation officer positions. This is intended to maintain probation officer caseloads at the current level, estimated at 72 cases per fill probation officer position, by the end of FY05.	\$463,276	\$1.5 million
416#1c	Provides certain exemptions to the moratorium on approval of jail construction or expansion projects. Includes Hampton Roads Regional Jail Authority for a planning study; Roanoke County-Salem Jail; Riverside Regional Jail; and Rappahannock Regional Jail Authority. Plans are due Mar. 1, 2005; the Governor may forward funding recommendations to the 2006 General Assembly.	Language	
416#2c	Requests a feasibility study on developing a specialized mental health facility operated under contract by the state at the Hampton Roads Regional Jail. Report is due 10/15/04.	Language	
420#2c	Requires a status report on the Dept. of Corrections' jail pre-release program with local and regional jails, including the impact on the backlog of state responsible inmates in local and regional jails. Report	Language	

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Item	Description	2004-2005*	2005-2006*
	is due 10/1/04.		
420#3c	Eliminates funding proposed in the introduced budget for 479 temporary emergency beds.	(\$635,408)	(\$2.0 million)
420#6c	Requires the Dept. to prepare a plan to house \$1,000 state-responsible offenders in local and regional jails as deemed appropriate, pursuant to the jail contract bed program. Currently 200 beds are used for this purpose. Must address potential impediments to the expansion of the contract program, including the extent to which federal prisoners are using beds that could be used for state prisoners. Report and funding request are due 9/15/04.	Language	
	COURTS		
25#1c	Directs the Judicial Council of Virginia to examine and make recommendations as to the funding, resources, and statutory changes required to implement a system of family courts in Virginia. Report due 11/1/04.	Language	
32#2c	Creates five new Circuit Court judgeships to be located in the 1 st , 14 th , 15 th , 22 nd and 29 th judicial circuits. Appointments will be made by the 2005 General Assembly and effective 3/1/05.	\$335,152	\$1.0 million
33#1c	Creates two new Juvenile and Domestic Relations District Court judgeships for the 15 th and 27 th judicial districts. Appointments will be made by the 2005 General Assembly and effective 3/1/05.	\$128,623	\$380,870
39#2c	Creates four public defenders offices – Arlington (including Falls Church); Chesapeake, Hampton and Newport News.	\$6,425,708	\$5,931,546
39#3c	Funds additional attorneys and support staff in existing public defender offices where caseloads significantly exceed the statewide average	\$1.0 million	\$2.1 million
	CRIMINAL JUSTICE SERVICES		
430#2c	Requires the Dept. to review fees charged by regional criminal justice training academies to nongovernmental agencies or organizations. The Dept. must consult with affected local governments and agencies and organizations that use the regional academies. Report is due 12/1/04.	Language	
430#5c	Adds funding for local community corrections and pre-trial release program to increase diversion of low-risk, non-violent offenders from local and regional jails, subject to oversight by local community criminal justice boards. Funding is sufficient to hire approximately 39 local probation officers to increase the caseloads by about 1,500 offenders statewide by 2006. Eliminates language authorizing a pilot program to divert offenders serving six months or fewer in jail.	\$819,000	\$1.6 million
	EDUCATION-- DIRECT AID TO EDUCATION		
146#22c, 146#24c, 147#4c	Provides distribution of 0.125 percent sales tax on the basis of school age population. This is one quarter of the .50 percent increase in sales tax under HB 5018. Under HB 5018, fifty percent of the .5 percent (one-half cent) increase is dedicated to education and is placed in the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund. This item appropriates half of the fund (0.125 percent sales tax) on the basis of school age population in the same manner as the existing one-cent sales tax dedicated to education. The distribution of the other 0.125 is covered in the next item. This sales tax increase will be offset by a decrease in state basic aid payments because under the education funding formula an SOQ cost is developed, the sales tax is deducted, and then the remainder is split between the state and locality based on the composite index. Sales tax increases therefore decrease state basic aid payments and required local basic aid payments as well. The .125 percent distributed by school age	36.5 million	46.0 million

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	population will mean an <u>increase</u> of \$83.5 million in FY05 and \$105.4 million in FY06. These increases will be offset by basic aid <u>decreases</u> of \$47.0 million in FY05 and \$59.4 million in FY06. The numbers on the left reflect the sales tax increase less the basic aid decrease.		
146#14c, 157.10#1c	Funds several of the revisions to the Standards of Quality proposed by the State Board of Education, including funding for (A) 5 elementary resource teachers/100 students (\$74 million in FY05 and \$75 million in FY06), (B) technology positions (one support position/1000 students in FY05 at cost of \$5 million and one instructional, 1 support/1000 students in FY06 at cost of \$16 million; and (C) the required planning period in middle schools and high schools (\$27 million or 25 % of the required funding is provided in FY05 and \$129 million or 100 % of the funding is provided in FY 2006). No school division will be required to maintain instructional positions meeting these increased standards until July 1, 2005. The budget states that these funds are provided to school divisions and local governments in order to relieve the financial pressure education programs place on local real estate taxes and shall be taken into account by the governing body in setting real estate tax rates. The bulk of this funding, at least in FY 05, comes from the portion of the sales tax increase dedicated to education under HB 5018. Under the bill, the sales tax is increased by 0.50 percent. Fifty percent, or 0.250 percent sales tax, will be placed in the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund. One-half of this (or 0.125 percent sales tax) will be allocated to basic aid payments in support of the revisions to the SOQ. The proceeds of the 0.125 percent are estimated to be \$83 million in FY 05 and \$105 million in FY06. In addition, the amendment states that funding for the SOQ prevention, intervention, and remediation program will include the state share of funding for one hour of additional instruction per day, based on the % of students eligible for free lunch and based on a sliding pupil-teacher ratio range of 18:1 to 10:1, depending on the school divisions' combined failure rate on the English and math SOL tests. In addition to the increased sales tax, part of the funding for this initiative come from increased lottery proceeds (see <i>Governor's Recommendations Unchanged</i> below).	105.7 million	220.3 million
146#10c, 146#23c, 146#6c, 146#7c, 147#3c, 147#5c 147#1c, 147#2c	Increase in revenues from the one percent sales tax dedicated to education resulting from 1) revised estimates for sales tax revenues, 2) increase in state cigarette tax, 3) extension of sales tax to prepaid phone cards, and 4) elimination of sales tax exemptions for public service corporations. Increases in the sales tax dedicated to education and distributed on the basis of school age population results in a decrease in basic aid because under the education formula an SOQ cost is developed, the sales tax is deducted, and then the remainder is split between the state and locality based on the composite index. Sales tax increases therefore decrease state basic aid payments and required local basic aid payments as well. Sales tax revenues <u>increase</u> by \$28 million in FY 05 and by \$33.6 million in FY 06, and the corresponding <u>decreases</u> in basic aid are \$15.8 million in FY 05 and \$18.9 million in FY 06. The numbers at the left reflect total increase in revenue resulting from the sales tax increases less the state basic aid decreases.	12.2 million	14.7 million
145#2c, 145#3c, 146#4c, 505#11c	Sets retirement/retiree health care credit rate at 6.58% in FY05 & 7.17% in FY06. This uncouples the rates. The state share is not capped (as it was in the House's proposed budget). The life insurance premium holiday is continued. The teacher retirement contribution rate is 6.03 percent in FY05 and 6.62 percent in FY06; the retiree health care credit is .55 in both years. Item 145#3c also requires the VRS study committee established under HJR 34 to review 1) the state's	(37.9 million)	(\$28.8 million)

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	responsibilities for funding the teacher retirement system beyond the actuarial normal rate and 2) the state's appropriate share for retirement payments by school divisions. The review shall include the impact of blended retirement rates on VRS, school divisions and the state. The savings to the state in the columns at the left result from retirement rates lower than those in the introduced budget.		
146#5c, 146#1c	Increases state funding for the at-risk four-year-olds program. Currently the state provides a share of a \$5,400 payment for 60% of children unserved by Head Start or Title 1 programs; the new funding will provide a state share of a \$5,400 payment for 90% of children unserved by Head Start programs in FY 2005 and 100% in FY 2006. There are 54 localities that had started preschool programs, paid for with federal Title 1 funds, prior to the start of the state's at-risk four-year-old program in 1993. These localities have not been eligible for the state funds but now will be. This will free up federal Title 1 funds that have been used for preschool programs for other programs (such as math and reading) in elementary schools. Children served by Head Start continue to be ineligible for funding. This amendment addresses some of the options on preschool funding presented by JLARC in its 2003 education funding study. JLARC also recommended that the per-pupil payment of \$5,400 be increased, as it has stayed at the same level since the creation of the program in 1993. 146#1c prohibits facilities that serve only pre-kindergarten for qualifying for loans through the VPSSA.	22.6 million	28.1 million
145#1c	Ends one-month rollover of fringe benefit costs (JLARC Tier 1 recommendation)	0	21.3 million
146#8c	Restores funding by reversing the proposal in the introduced budget to deduct locally-generated revenues from SOQ costs prior to these costs being divided between the state and the individual localities. The policy would have resulted in decreased basic aid payments. JLARC recommended the elimination of the deduction of locally generated revenues in its 2003 education funding study, and the current year budget had achieved that recommendation. The proposal in the introduced budget, therefore, would have backtracked on that achievement.	\$55 million	\$55 million
146#13c	Restores funding to reverse most of the proposal in the introduced budget to deduct federal revenues from SOQ costs prior to these costs being divided between the state and the individual localities. The budget as adopted deducts 29.22 percent of federal revenues from SOQ costs. This amendment also links this restoration of funding to local support for teacher salary increases. The amendment states that approximately \$350 of the amount needed for rebenchmarking the cost of the SOQ is a reflection of growth in prevailing salaries and fringe benefits, and that "It is the desire of the General Assembly that on average local school divisions continue to improve the average salary for classroom teachers by at least three percent per year, the actual average annual rate increase in recent years."	\$108.4 million and language	\$109.1 million
146#9c	Eliminates the Student Achievement Block Grant program, which has been used to fund dropout prevention and other programs.	(\$10.1 million)	(\$10.1 million)
146#11c	Changes the method of distributing state funds for the Algebra Readiness program by using per cent lunch as the method for distribution instead of using the percent of students failing the math SOL.	(\$1.1 million)	(\$1.1 million)
146#15c	Completes restoration of funding for administrative positions that had been dropped in the early 1990s from the SOQ funding model. The restoration of funding was a Tier 1 JLARC recommendation.	\$22.7 million	\$23.0 million

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146#16c	Eliminates SOL remediation as a separate incentive account.	(\$17.3 million)	\$17.4 million)
146#17c	Eliminates no loss payments. The “no loss” payments would not have been necessary because of the increase in state funding for education.	(1.5 million)	(\$2.2 million)
146#18c	Deletes the “contingency” language in the introduced budget regarding the full funding of the cost of competing adjustments for SOQ related positions for Planning District 8 from 20.92% to 24.61%. The cost of the initiative is \$3.5 million in FY05 and \$3.7 million in FY06. A JLARC Tier 1 recommendation was to fully fund the cost of competing for the instructional positions and for support positions. Funding for increasing payments for support positions is not included.	Language	
146#19c	Deletes the “contingency” language in the introduced budget regarding increases the instructional position//student ratio from 10/1000 to 17/1000 students for whom English is a second language to more accurately reflect prevailing practice. The positions funded for ESL become an SOQ requirement in FY05 (unlike the positions funded by items 146#14c & 157.10#1c).	Language	
146#21c	Requires Dept. of Planning & Budget and the Dept. of Education to prepare and submit a preliminary forecast of SOQ expenditures based on the most current data available by Nov. 15 of each year. Requires the forecast made in odd-numbered years to be for the current & subsequent two fiscal years. Requires forecast made in even-numbered years to be for current & subsequent fiscal year. The forecast will include projected average daily membership & its effect on the budget.	Language	
149#1c	Increases funding cap on Governor’s Schools from 1,300 students to 1,500 students, which will allow the Thomas Jefferson High School in Fairfax to receive the state share of funding for more of its students. None of the other Governor’s Schools are affected, as the next largest is Maggie Walker in Richmond, with an enrollment of appx. 650.	177,829	177,930 F
144#2c	Adds funding to that included in introduced budget for education initiatives to improve student achievement, leadership development & teacher quality related to meeting the progress requirements of No Child Left Behind. Also requires the Dept. of Education to continue to develop an estimate of the local and state cost impacts of NCLB, with a report due by July 31, 2004. (Governor’s introduced budget had included most of the funding for this initiative.)	336,500	336,500
144#3c	Funds Jobs for Virginia Graduates, which places career specialists in schools in 15 communities.	200,000	200,000
146#2c	Gives the state Department of Education the authority to transfer existing available surplus funds from one item to another for the required state share of direct aid distribution.	Language	
	<i>Governor’s Recommendations Unchanged</i>		
	Retains premium holiday for group life insurance program.		
	Distribution of increased lottery proceeds. Additional funds proceeds are estimated at \$23.6 million in FY 2005 and \$30.6 million in FY 2006. The budget takes \$20.6 million in both FY 2005 and FY 2006 to support the Board of Education’s recommendation to revise the SOQ prevention, intervention, and remediation program. The remaining amounts are distributed between the state and school divisions. In FY 2005, state share (which goes into basic aid) is \$1.9 million (61 %); local share is \$1.2 million. FY 2006, state share (which goes into basic aid) is \$6.1 million (61%); local share is \$3.9 million.		
	Continue to fund technology through equipment note issuances Decreases general fund appropriation and increases nongeneral fund appropriation by a Literary Fund diversion to pay for debt service for new financing notes to be issued in the 2004-2006 biennium. These equipment notes would be issued in FY 2005 and FY 2006 at an		

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	estimated \$59.0 million each year. Proceeds from the notes to be used to complete implementation of the technology initiative in high schools and to begin implementation in middle and elementary schools. Retains grants to school divisions at the previously established amounts of \$50,000 per division and \$26,000 per school will be provided. For FY 2005, a reduction of \$54.6 million (GF). For FY 2006, a reduction of \$55.2 million (GF) and an increase of \$7.1 million (NGF).		
	Continue Project Graduation. Increases funding to help rising high school seniors meet verified credit requirements now necessary for a standard diploma. For each year, \$2.8 million.		
	Revise funding formula for K-3 class size reduction program. Reduces funding by \$6 million/year for the K-3 reduced class size initiative by basing state payment on the lower of either the statewide average per pupil or the actual division per pupil cost. Currently state funding is pegged to the higher of those amounts.		
	Use additional Literary Fund resources to support teacher retirement and social security. Diverts Literary Fund to help pay teacher retirement and social security. These additional funds result from a revised projection of Literary Fund revenues, and a reduction in the interest rate subsidy amount provided from \$10 million to \$5 million each year. This interest rate subsidy reduction simply reflects the demand for the subsidies experienced in the fall of 2003. For FY 2005, a reduction of \$13.4 million (GF) and a corresponding increase of \$13.4 million (NGF). For FY 2006, a reduction of \$17.4 million (GF) and an increase of \$17.4 million (NGF).		
	Transfer funds to the Department of Rehabilitative Services. Decreases direct aid by transferring general fund support from direct aid to the Department of Rehabilitative Services to support the Postsecondary Education/Rehabilitation Transition (PERT) program. For each year, a reduction of \$864,911.		
	EDUCATION--SECRETARY OF EDUCATION		
135#1c	Funds staffing for school efficiency review pilot in FY05. Introduced budget included substantially greater funds in the Dept. of Accounts budget (see item 2741c)	\$984,000	
	EDUCATION--STATE DEPARTMENT OF EDUCATION CENTRAL OFFICE		
	<i>Governor's Recommendations Unchanged</i>		
	Maintain current Standards of Learning (SOL) testing program. Increase funding to continue the current SOL testing program required by the SOQ and the Standards of Accreditation. Increased funding reflects contractual inflation adjustment and increased enrollment.	1.8 million GF, 400,000 NGF	4.5 million GF, 400,000 NGF
	Continue implementation of the web-based SOL on-line testing. Increases funding to continue to implement web-based SOL testing in high schools. The goal is that all high schools will be capable of administering web-based SOL end-of-course tests by spring 2004.	1.5 million	2.1 million
	Continue Project Graduation. Provides additional funds to continue help rising high school seniors meet next year's requirements for a standard diploma.	356,512	356,512
	ELECTIONS, BOARD OF		
94#2c	Allows the State Board of Elections to use the most recent provisional population estimates rather than final population estimates when setting the compensation levels of registrars.	Language	

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	<i>Governor's Recommendation Unchanged</i>		
	The state will receive a one-time appropriation of federal dollars through the Help America Vote Act (HAVA) during the current fiscal year and into the new biennium. A total of \$45.5 million in 2005 and \$15.0 million in 2006 is budgeted. DPB estimates that each precinct using punch cards and paper ballots will receive about \$3,900 to replace equipment with newer, more accessible technology.		
	Restores \$1.0 million each year to update the compensation plan for registrars and local electoral board members due to population changes.		
	EMERGENCY MANAGEMENT		
	<i>Governor's Recommendation Unchanged</i>		
	Incorporate federal funding increase for the Homeland Security Program, with funds dedicated to first responders to improve preparedness for terrorist acts. Each locality is required to complete an assessment to measure its ability to handle a terrorist attack. In 2005, an increase of \$572,894 (NGF) and 13 positions; for 2006, an increase of \$572,394 (NGF).		
	EMPLOYEE COMPENSATION		
505#1c	Increases starting annual salary for state police officers to \$32,500 effective Oct. 1, 2004 (increase of \$1,491).	\$2.0 million	\$3.6 million
505#3c	Salary increase for sheriffs and deputy sheriffs consistent with that provided State Police (4.82 percent for deputy sheriffs, effective Dec. 1, 2004.).	\$7.9 million	\$13.6 million
505#4c	Provides 3% salary increase for state classified employees effective Nov. 25, 2004.	\$27.9 million	\$51.5 million
505#5c	Provides 3% salary increase for state-supported local employees effective Dec. 1, 2004. This includes local constitutional officers & their state-approved employees; general registrars and electoral boards, and employees of community services boards, Centers for Independent Living, juvenile secure detention centers, juvenile delinquency prevention & local court service units, social services boards, and local health departments.	\$12.2 million	\$21.0 million
505#6c	Eliminates proposal in the introduced budget to provide 3% salary increase in FY06 for state employees, state-supported local employees and teachers.		\$105.3 million
505#8c	Addresses salary compression issues for sworn police officers, effective Oct. 1, 2004.	\$3.2 million	\$4.5 million F
505#13c	Sets aside \$26.6 million to provide a salary increase for public employees in FY06		\$26.6 million
	FINANCE		
	Department of Accounts		
274#1c	This amendment is one of two that transfer funding and responsibility for the performance of school efficiency reviews from the Department of Accounts to the Secretary of Education (see Item 135#1c under Secretary of Education).	(\$2.4 million and 13.0 positions)	\$3.2 million and 18.0 positions)
	Department of Accounts Transfer Payments-Rainy Day Fund		
280#1c	Provides \$87.0 million in FY06 from the GF for a supplemental deposit to the Revenue Stabilization Fund. A companion amendment included in the Caboose Bill, HB 29, provided \$87.0 million from the general fund for the constitutionally mandated deposit in fiscal year 2004 for a total deposit of \$174.0 million		\$87.0 million
283#1c	Gives the Department of Planning and Budget the responsibility for		

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	staffing and operations of the Commonwealth Competition Council. Requires tracking and reporting mechanism for any changes proposed by the Council that are implemented by state agencies		
	FIRE PROGRAMS		
436#1c	Eliminates funding in the first year in the introduced budget to pay the local match for the new federal SAFER program. The introduced budget included funding only for the first year; the required local match would reach 100 percent over four years.	(\$1.25 million)	
	<i>Governor's Recommendation Unchanged</i>		
	Increases the appropriation to the fire programs fund to reflect projected increased revenue (from a fee on homeowner's insurance policies). These funds are distributed to localities and their fire departments. In 2005, \$6.4 million (NGF); for 2006, \$7.6 million (NGF).		
	HEALTH DEPARTMENT		
307#1c	Reduces the nongeneral funds transferred to Emergency Medical Services from the surcharge on motor vehicle registrations (\$4-for-Life) passed by the 2002 General Assembly. A total of \$9.3 million remains to be transferred each year from \$4-for-Life to EMS. The introduced budget would have transferred \$12.8 m each year for this purpose. Removes contingency language from the introduced language.	(\$3.45 million)	(\$3.45 million)
309#1c	Increases the fee for vital records from \$10 to \$12 to help offset the cost of publicly-funded health care services.	Language	
312 #1c	Funds case management services for rural areas of the state that lose obstetrical services. May fund clinic visits, home visiting services, and other related services.	\$100,000	\$100,000
312#2c	Restores general funds for the Comprehensive Health Investment Project (CHIP) to enable the program to draw down federal matching funds. Language restores the \$121,250 each year from TANF grant funds that was cut in the introduced budget.	\$50,000	\$50,000
313#1c	Restores \$176,800 each year in earmarked TANF funds for the Resource Mothers Sibling program, which focuses pregnancy prevention services to siblings of pregnant or teen parents.	Language	
313#2c	Restores \$765,000 each year in earmarked TANF funds for the Partners in Prevention Program to encourage and support community strategies to prevent and reduced out-of-wedlock births. Earmarked funds were reduced by 10 percent each year to help balance TANF revenues and expenditures.	Language	
313#3c	Restores earmark of \$910,000 each year from TANF funds for teenage pregnancy prevention programs operated by the local health districts of Richmond, Norfolk, Alexandria, Roanoke City, Crater, Portsmouth and Eastern Shore.	Language	
314#1c	Restores earmark of \$200,000 each year from TANF funds to the VA Health Care Foundation to operate medication assistance programs for low-income persons. The program currently operates in the Mt. Rogers Planning District.	Language	
314#2c	Provides funding to the VA Health Care Foundation to solicit proposals to expand the Pharmacy Connection software program to unserved or underserved regions of the state to increase access to free or reduced-price prescription drugs for low-income Virginians.	\$125,000	\$125,000
314#3c	Provides funding to support establishment of the Rx Partnership, a public-private partnership to increase access to prescription medication for low-income, uninsured populations. The Partnership will operate	\$75,000	\$75,000

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	as a virtual warehouse by soliciting free medications from pharmaceutical manufacturers to be dispensed through affiliated non-profit licensed pharmacies. This was a Joint Commission on Health Care recommendation.		
	<i>Governor's Recommendation Unchanged</i>		
	Allows Area Health Education Centers (AHECs) to draw down matching Medicaid funds for certain activities regarding recruitment, retention, and practice support of Medicaid providers in medically-underserved areas.		
	Transfers funding and positions associated with regulating construction and operation of sewage treatment plants to DEQ.		
	HOUSING AND COMMUNITY DEVELOPMENT (DHCD)		
111#1c	Provides GF support for the Center for Rural Virginia established under Chapters 938 and 964 (Senate Bill 407 and House Bill 1213), 2004 Regular Session.	\$50,000	\$100,00
112#1c	Redirects \$1.0 million in FY06 from the GF for the Governor's Development Opportunity Fund to the DHCD for a grant program geared toward attracting new and expanding businesses to economically distressed localities in the Commonwealth		\$1.0m
	<i>Governor's Recommendations Unchanged</i>		
	Regional Competitiveness Act. Fails to fund the Regional Competitiveness Act		
	Fire inspections in high-risk buildings. Adds funding for five new fire safety inspectors to implement a program to inspect high-risk buildings in areas without local fire officials. Inspections would include buildings not currently inspected, such as nightclubs, hospitals, private schools, private college dormitories and high-rise state buildings. Half of the costs of inspections will be recovered from a fee charged to owners of buildings being inspected. For 2005, \$166,000 and 2.5 positions, \$166,000 NGF and 2.5 positions. In 2006, \$160,500 GF and \$160,500 NGF.		
	Reduce PDC funding. Reduces funding for pass-through grants to the 21 regional planning district commissions (PDCs) for operating support. A reduction of \$214,928 each year.		
	JUVENILE JUSTICE		
439#1c	Requires the Dept. to evaluate any new mental health or substance abuse program it implements.	Language	
441#1c	Adds funding to pay for juvenile probation officer positions left unfilled to meet budget savings targets.	\$394,145	\$788,289
	Governor's Recommendation Unchanged		
	Level-funds the Virginia Juvenile Community Crime Control Act (VJCCCA) for biennium. Funding each year at \$14.51m.		
	Funds state share of operating costs to new VA Beach juvenile detention center (\$2.2 million in 05; \$1.8 million in 06); reimburse Henrico for approved costs (\$4,269 in 05); reimburse Hampton/Newport News less secure facility for state share of furnishings and equipment costs (\$56,808 in 05).		
	Continues the moratorium on DJJ board approvals or commitments of additional funds for state share of cost for construction, renovation, or enlargement of local or regional detention facilities.		
	Continues to suspend the requirement that JDD, including locally-operated court services units, provide drug screening and assessment services in conjunction with investigations ordered by the courts. Funding was removed in 2002.		

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	Anticipates reimbursement of \$3.0 million in federal Title IV-E funds each year; moves \$500,000 of that funding each year into the state general fund as reimbursement for services previously provided.		
	LEGISLATIVE AGENCIES		
11#1c	Directs Joint Commission on Health Care to support continuation of state funding of local initiatives to address the needs of adults and juveniles with behavioral health conditions who come into contact with the criminal justice system.	Language	
18#2c	Directs the Crime Commission to study the statutory basis for computer crimes in the Code of VA, including a determination of the appropriate definitions and elements constituting offenses in this area	Language	
21#1c	Grants the Joint Legislative Audit and Review Commission (JLARC) fiscal staff access to tax data files for the purpose of tax policy analysis on behalf of the House Finance, House Appropriations, and Senate Finance Committees.	Language	
	<i>Governor's Recommendation Unchanged</i>		
	Level funds the distribution of rolling stock taxes at \$5.4 million each year, which represents a reduction from the current year by \$1.2 million.		
	Continues the distribution of state recordation tax revenues at \$40.0 million each year (Statutory changes will allow localities to increase their local recordation levy).		
	LIBRARY OF VIRGINIA		
260#1c	Deletes language in introduced budget that would have allowed the Library of Virginia to use any appropriated funds, including those directed to local libraries, for the purchase of licenses for online databases that could be accessed by public libraries statewide.		
	MEDICAID (DMAS)		
326#6c	Requires DMAS to work with the Division of Child Support enforcement to identify and initiate third-party recovery actions for Medicaid or FAMIS when a medical support order for a non-custodial parents exists	Language	
326#7c	Requires DMAS to implement or increase minimal cost-sharing requirements for Medicaid recipients in order to save \$500,000 in state general funds each year. Requires a progress report by 10/1/04.	(\$500,000) (\$500,000) NGF	(\$500,000) (\$500,000) NGF
326#8c	Language caps the amount of matching federal funds DMAS can keep for administrative costs associated with the billing of school health services for Medicaid-eligible special education students who receive school health services. The funding is capped at the level the DMAS will receive at the end of the 04-06 biennium.	Language	
326#10c	Adds funding for 160 new mental retardation home and community-based waiver slots for individuals currently residing in state training centers and who are ready and desiring to be discharged to the community.	\$2.7 million \$2.7 million NGF	\$4.0 million \$4.0 million NGF
326#10c	Requires DMAS to offer semi-annual training to local CSA teams to ensure localities appropriately access Medicaid-funded services for this population. Directs DMAS to cover tuition payments in residential facilities for Medicaid-eligible CSA children if the services are included in the treatment plan. Federal law allows for such reimbursement. A companion amendment under CSA captures the savings from this initiative.	Language	
326#12c	Provides for a rate increase to providers of community-based mental retardation waiver services.	\$500,000 \$500,000 NGF	\$4.7 million \$4.7 million

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
			NGF
326#13c	Creates 80 community-based Medicaid developmental disabilities (DD) waiver slots for a total of 105 such waiver slots by the end of the biennium. Deletes language making these slots contingent on tax reform.	\$1.1 million \$1.1 million NGF	\$1.7 million \$1.7 million NGF
326#15c	Funds 700 new mental retardation wavier slots for individuals on the urgent care waiting list. This list contains more than 1,000 names. Directs state agencies to determine if sufficient capacity exists to absorb another 180 slots in FY06.	\$13.5 million	\$18.2 million
326#17c	Increases the statewide rate for personal care providers in the MR waiver program.	\$0	\$3.0 million \$3.0 million NGF
326#18c	Adjusts funding for Medicaid use and inflation to reflect changes in the revenues resulting from increased tobacco taxes to be directed to this program, and from revised estimates of Medicaid recoveries.	\$37.0 million (\$37.0 million) NGF	(\$54.8 million) \$54.8 million NGF
326#19c	Funds a new Day Support Waiver program for 300 individuals with mental retardation who live at home and are on the waiting list for MR wavier services. Together with the new waiver slots, about 1,000 individuals out of a waiting list of more than 2,000 will receive services.	\$0	\$2.9 million \$2.9 million NGF
	<i>Governor's Recommendations Unchanged</i>		
	Add funding to ensure interrupted hospital and physician services for persons subject to involuntary commitment. For 2005, an increase of \$1.1 million; for 2006, an increase of \$2.0 million.		
	Requires DMAS to implement a Medicaid buy-in waiver program to enable individuals with disabilities to return to, or stay in the work force while receiving Medicaid benefits. Enrollment would be limited to 200 individuals in the first year.		
	MENTAL HEALTH, MENTAL RETARDATION & SUBSTANCE ABUSE SERVICES		
330#2c	Requires a report on the department's contracts with private mental health providers, including numbers of consumers served, savings resulting from community-based treatment, and any fiscal impact on state hospitals.	Language	
330#3c	Removes language from the introduced budget that would create a community oversight committee to monitor the state's Olmstead-related activities. The department may still monitor process of Olmstead initiatives.	Language	
330#5c	Reduces funding for treatment for sex offenders conditionally released to the community because enrollment in this new program is slower than anticipated. FY06 funding is now at the FY05 level of \$325,000.	\$0	(\$209,000)
330#7c	Directs the department to examine the feasibility of contracting with the private sector for the operation of treatment services for the sexually-violent predator civil commitment program.	Language	
334#1c	Keeps the additional \$2.0 million each year for children's mental health services (non-mandated CSA children) from the introduced budget. Eliminates tax reform contingency language from the introduced budget.	Language	
334#2c	Keeps the additional \$2.0 million in FY05 and \$2.6 million in FY06 for three additional PACT teams for community treatment. Removes tax reform contingency language from the introduced budget.	Language	
334#3c	Adds funding each year to the current appropriation of \$125,000 each year for the Part C Early Intervention System for infants and toddlers with developmental delays or disabilities.	\$750,000	\$750,000
346#1c	Reduces the appropriation and positions for the Center for Behavioral	\$0	(\$2.0 million)

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	Rehabilitation (the center for civilly-committed sexually-violent predators) due to lower than anticipated commitments.		
C-137#1c	Eliminates funding for a new Sexually-Violent Predator Facility. The existing facility will be used for the foreseeable future (in Central Appropriations portion of budget).	(\$9.5 million)	(\$22.3 million) NGF
	NATURAL RESOURCES		
378#1c 388#4c 382#4c	Provides that general fund appropriations shall be made to the Water Quality Improvement Fund in the 2004-06 biennium and establishes a reserve fund requirement. The total additional general fund appropriation to the fund in the biennium will be \$30.0 million, to be divided evenly between point source and non-point source activities. The point source funds will be used to provide grants to localities to upgrade their wastewater treatment facilities. Also requires the Department of Environmental Quality to report on the cost-effectiveness of projects that have received grants. Fifteen percent of any year-end balances deposited to the fund will be reserved to ensure continued funding for the WQIF. Also mandates a review of Soil and Water Conservation District non-point source programs.	\$15 million & Language; \$7.5 point and \$7.5 nonpoint	\$15 million, \$7.5 point and \$7.5 nonpoint
379#1c, 382#3c	Merges the functions and budget resources of the Chesapeake Bay Local Assistance Department into the Department of Conservation and Recreation to streamline Virginia's non-point source water pollution programs. The amendments transfer funding from CBLAD to DCR and specify that legislation is to be adopted at the 2005 session to effect the merger.	Language & transfer of funds	Language & transfer of funds
383#4c	Appropriates the new revenues, \$800,000 each year, generated from a \$1 fee imposed upon deed recordings in localities in which the Virginia Outdoors Foundation holds open space easements.	\$800,000	\$800,000
383#5c	Appropriates funds each year to the Virginia Land Conservation Foundation for the preservation of open spaces, natural areas, agricultural lands, historic sites and other significant natural and cultural assets.	\$2.5 million & language	\$2.5 million
385#1c	Restores general funds for the wastewater pretreatment program in the Department of Environmental Quality.	\$400,000	\$400,000
382#1c 382#2c	Restores a portion of FY03 budget reductions for Soil and Water Conservation Districts and provides additional funds for dam maintenance. 382#1c requires the evaluation of the districts' effectiveness.	175,000	125,000
386#1c	Reduces water supply planning support by \$1.0 million. Eliminates the general fund increase for water supply planning included in the introduced budget.	(\$500,000)	(\$500,000)
388#6c	Removes contingent nongeneral funds totaling \$30.0 million proposed in the introduced budget for natural resources funding.	(\$15 million NGF)	(\$15 million NGF)
3-6.01#1c	Deletes language authorizing deposit of revenue collected from a \$10 fee assessed on all deeds on which recordation taxes are collected and the admission of certifications of satisfaction to the proposed VA Natural and Historic Resources Fund. This will ensure that proceeds of this fee will continue to be deposited into the state general fund as intended by the 2002 General Assembly (in adjustments & modifications of fees portion of budget).	Language	
	Governor's Recommendations Unchanged		
	Department of Environmental Quality: Environmental Permit Programs Funding Provides \$3.0 million each year in general funds and requires \$6.0 million each year in increased fees paid by public and private holders of landfill, wastewater, water and other DEQ environmental permits.		

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	REHABILITATIVE SERVICES		
349#2c	Adds funding to ensure that access to brain injury services is provided statewide.	\$750,000	\$1,000,000
349#4c	Restores funding for community rehabilitation programs (formerly sheltered workshops) that was reduced in 2002-04.	\$150,000	\$150,000
	SOCIAL SERVICES		
354#1c	Requires the Commissioner to consult with local departments of social services on development of a plan to implement federally-required foster care service improvements and report on the plan and status on Jan. 1 of each year.	Language	
354#2c	Requires DSS to conduct a food stamp outreach campaign in multiple languages for qualified aliens and their children, who are U.S. citizens, to the extent permitted under federal law.	Language	
354#3c	Requires DSS to comply with federal guidance concerning services to limited English proficient persons to ensure access to federally-funded programs through interpreter and translation services. A JLARC study found serious deficiencies in this regard in the administration of human services programs in the state.	Language	
354#4c	Adds funding for the Caregivers Grant Program, which grants up to \$500 each year for caregivers who have income under \$50,00 and who provide uncompensated care for an elderly, infirm, or disabled person.	\$50,000	\$50,000
355#1c	Provides funding each year for 26 Community Action Agencies that serve about 114,000 Virginians each year. A companion amendment reduces the TANF block grant to this program by \$377,540.	\$500,000	\$500,000
356#1C	Transfers \$4.9 million each year from the TANF block grant to Dept. of Housing and Community Development for a continuum of housing services for low-income families; specifically homeless families trying to regain independence.	Language	
346#2c	Deletes language in the introduced budget establishing a new Virginia Kinship Care Program, for children living with a non-parent, relative caretakers who receive cash assistance through TANF.	Language	
356#6c	Requires DSS to notify House Appropriations and Senate Finance Committees of proposed changes to the state's TANF program before submitting those changes to the federal government for approval.	Language	
357#1c	Reduces general funds for Healthy Families over the introduced budget, but still increases funding by \$200,000 a year over FY04 levels. The introduced budget proposed additional funding of \$459,980 each year.	(\$259,980)	(\$259,980)
357#5c	Adds funding for additional child welfare services anticipated as a result of state legislation expanding the definition of child abuse or neglect to include children whose parents or caregivers allow them to be present during the unlawful sale or manufacture of a Schedule I or II controlled substance.	\$25,000 \$25,000 NGF	\$25,000 \$25,000 NGF
359#1c	Increases the monthly rate by 3.2 percent to approved assisted living facilities housing individuals receiving an auxiliary grant. A companion amendment under DMAS provides funding for approximately 170 residents who will become eligible for auxiliary grants and Medicaid as a result of this rate increase. Local governments pay a match for each auxiliary grant client.	\$0	\$2,190,720
360#2c	Reduces by \$255,000 the TANF funds granted each year for employment and training services for the hard-to-serve population in order to balance the TANF block grant. Another item corrects funding allocated for these services for a net gain in funding for these services.	Language	
360#3c	Restores \$637,500 each year in TANF funds for employment and	Language	

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	training services offered through Centers for Employment and Training.		
362#1c	Restores TANF dollars for local domestic violence grants at the FY04 level (\$1.06 million each year).	Language	
362#2c	Restores earmark of \$9.3 million each year from TANF funds for local foster care and adoption staff. The introduced budget included the funding but not the earmark.	Language	
362#3c	Provides general funds and matching federal child care development funds in lieu of TANF funds for child day care subsidies, thus allowing the use of TANF funds for other purposes as shown in some of the prior items.	\$1.0 million \$1.0 million NGF	\$1.0 million \$1.0 million NGF
362#4c	Increases funding for services to domestic violence victims consistent with legislation passed by the 04 General Assembly.	\$108,422	\$108,422
363#1c	Earmarks \$70,000 each year in existing funding in DSS to continue dementia-specific training for long-term care workers dealing with Alzheimer's disease and related disorders.	Language	
365#1c	Revises the TANF balances and reduces the amounts set aside in the introduced budget for TANF-funded competitive grant programs from \$18.5 million to \$1.5 million each year. Earmarked funding of specific programs reduces the need for the competitive grant program.	Language	
	<i>Governor's Recommendation Unchanged</i>		
	Adds funding to cover anticipated caseload and expenditure increase for the Title IV-E Foster Care program. Maintenance payments cover food, clothing, shelter and daily supervision. For 2005, \$3.9 million (GF) and \$3.9 million (NGF); for 2006, \$7.4 million (GF) and \$7.4 million (NGF).		
	TRANSPORTATION--DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION		
482#1c	Clarifies the actual federal revenue estimate for the six percent Surface Transportation Program (STP) and the 10 percent Minimum Guarantee program that flows directly to transit agencies from federal sources. The department does not receive the funding, and thus this funding is not appropriated	Language	Language
483#1c	The Department shall report to the Secretary of Transportation and to the Chairmen of the Senate Committees on Finance and Transportation and the House Committees on Appropriations and Transportation by January 10, 2005, on the status of the Trans Dominion Express. The report shall include updated operating and capital costs to establish the line and potential funding sources. In addition, the report shall identify non-financial issues requiring resolution before the line can be started	Language	Language
	<i>Governor's Recommendations Unchanged</i>		
	Increases funding for the Transportation Efficiency Improvement Fund (TEIF) program from \$1.9 million to \$3 million to allow for expansion of the statewide transportation demand management (TDM) programs. The programs are designed to manage congestion, decrease the growth in air pollution, and to make more efficient use of transportation facilities. The funding is provided from the Transportation Trust Fund.		
	TRANSPORTATION, SECRETARY OF		
	<i>Governor's Recommendation Unchanged</i>		
	Congestion mitigation/air quality. Requires congestion mitigation and air quality improvement projects to be obligated within 24 months of their allocation and expended within 48 months of their authorization.		
	Bridge funds. Requires federal bridge funds to be used solely on bridges. Allocations will be based on bridge efficiency and deficiency		

Summary of 2004-06 Budget Items of Interest to Local Governments

Item	Description	2004-2005*	2005-2006*
	standards. This action increases funding for designated bridges, but decreases local allocation funding. Heretofore the state has allocated bridge funds through the allocation process.		
	TTF priorities. States that the Transportation Trust Fund is to be used for highway maintenance and operating purposes prior to its availability for new development, acquisition, and construction. The state continues to rely on construction funding to support maintenance activities.		
	TRANSPORTATION--VDOT		
493#1c	Eliminates the general fund deposit to the Priority Transportation Fund in the introduced budget	(\$130.4 million)	(\$141.6 million)
	<i>Governor's Recommendations Unchanged</i>		
	Provides state GF support for Federal Reimbursement Anticipation Note (FRAN) debt service. The amount provided, \$37.4m, is estimated to cover the full cost of debt service on the previously issued \$317 million in bonds. This action relieves pressure on the Transportation Trust Fund.		
	Maintenance deferral. Defers \$37.9 million in highway maintenance from FY2004 to FY2005 as a result of expenses related to the aftermath of Hurricane Isabel.		
	Funding transfer. As recommended by the Auditor of Public Accounts, transfers funding from highway construction to the planning program. The purpose is to identify statewide needs and to conduct preliminary studies prior to approval of projects. The amendment transfers \$4.0 million each year from the construction program to the planning program.		
	Street maintenance. Allows the Commonwealth Transportation Board, notwithstanding current statute, to continue to set street maintenance payments for cities, towns and eligible counties.		

*Increases or decreases in funding relate to the state General Fund, except where noted by NGF (Non-General Fund)